



FEBRUARY 5, 1997

DIRECTIVE NUMBER 143

AFTERMARKET CRASH PARTS DISCLOSURE REQUIREMENT

IT HAS COME TO OUR ATTENTION THAT COMPANIES ARE NOT ADHERING TO THE REQUIREMENT FOR DISCLOSURE WHEN "AFTERMARKET CRASH PARTS" ARE USED IN REPAIRING A VEHICLE.

ACT NO. 765 OF THE 1990 REGULAR SESSION OF THE LOUISIANA
LEGISLATURE, EFFECTIVE JANUARY 1, 1991, ENACTED LOUISIANA REVISED
STATUTES 51:2424, WHICH READS AS FOLLOWS:

"A. NO INSURER SHALL SPECIFY THE USE OF NON-OEM AFTERMARKET CRASH PARTS IN THE REPAIR OF AN INSURED'S MOTOR VEHICLE, NOR SHALL A REPAIR FACILITY OR INSTALLER USE NON-OEM AFTERMARKET PARTS TO REPAIR A VEHICLE, UNLESS THE INSURED IS SO ADVISED IN WRITING.

B. IN ALL INSTANCES WHERE NON-OEM
AFTERMARKET CRASH PARTS ARE INTENDED FOR USE
BY AN INSURER:

(1) THE WRITTEN ESTIMATE SHALL CLEARLY IDENTIFY EACH SUCH PART.

(2) A DISCLOSURE DOCUMENT CONTAINING THE FOLLOWING INFORMATION IN TEN POINT TYPE OR LARGER TYPE SHALL APPEAR ON OR BE ATTACHED TO THE INSURED'S COPY OF THE ESTIMATE: 'THIS ESTIMATE HAS BEEN PREPARED BASED ON THE USE OF CRASH PARTS SUPPLIED BY A SOURCE OTHER THAN THE MANUFACTURER OF YOUR MOTOR VEHICLE. WARRANTIES APPLICABLE TO THESE REPLACEMENT PARTS ARE PROVIDED BY THE MANUFACTURER OR DISTRIBUTOR OF THESE PARTS RATHER THAN THE MANUFACTURER OF YOUR VEHICLE.'

THEREFORE, I HEREBY ORDER AND DIRECT THAT:

ALL INSURERS, INCLUDING ALL FOREIGN OR ALIEN PROPERTY AND CASUALTY INSURERS TO WHOM THIS ACT APPLIES, SHALL IMMEDIATELY COMPLY WITH R.S. 51:2424.

A VIOLATION OF R.S. 51:2424 CONSTITUTES A VIOLATION OF R.S. 22:1214(14), UNFAIR CLAIMS SETTLEMENT PRACTICES. INSURERS FAILING TO COMPLY WILL BE SUBJECTED TO PENALTIES AS PROVIDED IN R.S. 22:1217 AND OTHER APPLICABLE PROVISIONS OF THE LOUISIANA REVISED STATUTES.

Jim Brown

JAMES H. "JIM" BROWN
COMMISSIONER OF INSURANCE